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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

INFORMATION REPORT

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COUNTRY China/Southeast Asia

DATE DISTR. 10 July 1950

SUBJECT Free Yunnan Movement

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NO. OF ENCLS.
(LISTED BELOW)DATE OF
INFO. [REDACTED]SUPPLEMENT TO
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1. A "Free Yunnan Movement" has been organized by Nationalist General LI MI, who has his headquarters in Hong Kong. The group has been organized with the object of hammering Chinese Communist attempts to penetrate contiguous countries of Southeast Asia. In order to do this, the group plans close cooperation with Chinese populations of the countries concerned.
2. Major anti-Communist groups in the Yunnan area are as follows:
 - a. Remnants of the Nationalist 8 and 26 Armies, totalling 120,000, near Cheli (100-50, 21-58). LI's group has been able to give some support to 3,000 of these who are in the vicinity of Ta Chi Li (大其力), near the Burma border, and is in touch with the rest.
 - b. Various West Yunnan tribal leaders have been given funds and titles by LI's groups. Their tribes, who cooperate with fellow Chinese across the Burma border, are in a position to interdict use of the Burma Road. Total strength is about 7,000. Tribal leader FANG Kai-sen (方開森) is now in Bangkok.
 - c. Remnants of Chinese Nationalist armies in North Burma are estimated to number 10,000, mostly in the mountainous areas near Bhamo and Myitkyna. They are organized and controlled by a secret society. LI's group is not in touch with them.
 - d. The 74 and 93 Armies of former Nationalist Governor LU Han, totalling about 60,000, are generally in the Kunming area. The Communists have made no effort to organize these forces as yet. The troops and commanders are strongly anti-Communist. LI's group is in close contact with these forces.
 - e. Nationalist remnants are operating as guerrillas along the Kweiyang-Kunming highway, and have closed the highway to all traffic except 50-truck armed convoys. LI's group is not in touch with them.
3. The Communists have about 170,000 regular troops in Yunnan in addition to about 300,000 civil administrative personnel. These are almost entirely

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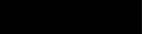
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supported by the land tax. Provincial revenue formerly received a large contribution from the tin mines, but these are now under Soviet direction, and the province gets no receipts. The high taxes alienate the peasants and confiscation of their properties alienates the Yunnan warlords and "local leaders."

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 Comment. While it is believed to be possibly true that such an organization with such a motive does exist, it is also believed that the strength and importance of groups claimed to be allied with the organization are exaggerated. Although LU's armies may be anti-Communist, they are carried on Communist order of battle as units of the Communist army.

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